

QUARTERLY REPORT TO THE JOINT LEGISLATIVE OVERSIGHT COMMITTEE

on

State Plan 2001: Blueprint for Change

Session Law 2001-437 (HB 381)

March 31, 2002

This first quarterly report is submitted to the Legislative Oversight Committee on Mental Health, Developmental Disabilities and Substance Abuse Services, pursuant to the requirements of Session Law 2001-437, HB381 on the implementation of *State Plan 2001, A Blueprint for Change*.

State Plan 2001, A Blueprint for Change (Plan) was submitted to the Legislative Oversight Committee (LOC) on November 30, 2001. Since that time the Division of Mental Health, Developmental Disabilities and Substance Abuse Services (Division) has initiated multiple lines of activity designed to move the system forward toward implementation of the reforms incorporated in the Plan. A discussion of overall activities is presented here first, with a progress report on the specific items contained in Session Law 2001-437, HB381, Section 3(a) following.

Division Director

Dr. Richard J. Visingardi joined the Division as Director on February 4, 2002. His extensive experience in mental health systems and their reforms at both county and state levels makes him uniquely qualified to lead the Division at this critical juncture. His broad knowledge and strong leadership will help the Division develop a more sure-footed path to the improved system envisioned by both the General Assembly in its passage of the system reform statute, and the many stakeholders who participated in the Secretary's planning process to develop the new Plan.

State Plan Presentation and Training

Spreading information about the Plan to staff, providers, local government, clients and their families has been one of the busiest activities throughout this period. On January 17 in collaboration with the Association of County Commissioners an all-day workshop was given for county commissioners to acquaint them with important structural elements of the Plan. Particular emphasis was placed on explaining the strengthened and enhanced role of counties in the provision of services to people with disabilities within their communities. Each County was presented with a data packet containing statistical information on current programming and local system caseloads specific to their county. On February 5, again, in partnership with the Association of County Commissioners, a half-day meeting was held for county managers to discuss the county role and local business plan elements. Another presentation/workshop for

county and area program personnel was held March 13, on local business plan development. Further meetings of county, area program and state personnel will continue on an ongoing basis.

Other Plan presentations/workshops:

- Surry County Commissioners, March 5. The Commissioners are actively interested in the elements of the new system and how to operationalize them.
- Minority Health Advisory Council, February 13. To provide information on State Plan and collaborate on addressing the mental health, developmental disabilities and substance abuse needs of racial/ethnic and underserved populations of North Carolina,
- Eastern Region Departments of Social Services, February 28 in Atlantic Beach, focusing on how the Plan will impact local public agencies and planning collaboratives.
- NC Association of Behavioral Analysts, February 7, at Asheville, with Lanier Cansler.
- Carmen Hooker Odom provided overviews of the Plan to staff of the state institutions and facilities, December, 2001,
- Division staff training on February 18, with a repeat session scheduled for April 1.
- Dr. Visingardi and Tara Larson have met with LOC Staff and several legislators individually, to answer questions and share information.
- Dr. Visingardi, Tara Larson and Mark Van Sciver will be meeting with the editorial boards of the News & Observer on April 2, the Charlotte Observer on April 16, the Asheville Citizen on April 26, and several others to be scheduled.
- Dr. Visingardi and Tara Larson appeared on Open Net, March 12 to discuss the Plan and answer questions from callers,
- Two 2-day conferences were held for community-based organizations providing substance abuse treatment on the new system on March 12-13 in Greenville and on March 14-15 in Winston-Salem. The program was sponsored by DMH/DD/SAS, Behavioral Health Resource Program, School of Social Work at UNC, Chapel Hill, and ECU School of Social Work and Criminal Justice Studies. The conferences were funded by the Center for Substance Abuse Treatment, Substance Abuse and Mental Health Services Administration.
- Tara Larson taped an interview for WUNC with the *Friends of Mental Health* group headed by Dr. Tom Smith on March 18.

Both the Secretary and Deputy Secretary and the Co-Chairs of the LOC have spoken on the Plan to a broad spectrum of other stakeholders in several venues over recent months clarifying issues, explaining concepts, clearing up misconceptions and hearing concerns. The Division is also developing a speakers bureau, with prepared materials, to help manage the increasing demand for information and technical assistance. Additionally, materials pertaining to Plan implementation activities are posted on the Division's web page for public review. Those who wish to review these materials may find them at this address:

<http://www.dhhs.state.nc.us/mhddsas/stateplanimplementation/index.html>.

The NC Council of Community Programs is also providing training and support as Area Programs begin collaborating with their local governments on development of their business plans. In December, the Council engaged the Technical Assistance Collaborative (TAC), a well known consulting agency with broad experience in public mental health system reform, to evaluate and advise on the role of the Local Management Entity (LME) and the development of local business plans. Since then, the Council has also developed a panel of people with experience in various aspects of system reform to provide ongoing assistance to Counties and Area Programs. The NC Council is offering a series of trainings that will continue through next fiscal year regarding key aspects of the local business planning process. The NC Council is collaborating with National Alliance for the Mentally Ill, the North Carolina Association of County Commissioners, the Developmental Disabilities Council, the Mental Health Consumer Organization, and other organizations in this training and consultation endeavor.

Division Implementation Structure

The Division has set up an internal structure for overseeing and coordinating the hundreds of action steps and projects that are needed to make the new and reformed system a reality. The framework for implementation activities is presented here for review.

State Plan Project Team

This Division staff group originally convened in March, 2001 to draft the successive versions of the Plan has been retained, expanded, and tasked with overseeing and coordinating the work of implementation. The team will act as the central point for Plan refinements and revisions and work to clarify issues that are unclear, in conflict, or prone to misunderstanding. The team will also draft the annual revisions of the Plan and prepare the quarterly reports required under HB381, Section 3(a) for the Secretary's approval and submittal to the LOC.

Implementation Committees

The project team has established three committees to manage the implementation effort. Each committee has one or more work groups dedicated to clusters of similar activity. Each committee has representation from consumers or families as well as from the specific disability areas, but emphasis is placed on working across disabilities and breaking down the traditional silos that separate and fragment so much of our current system. Committees are divided into three major spheres of activity:

- 1) Access, Program Development and New Initiatives. Chaired by Sherry Harrison, co-chaired and staffed by Art Eccleston. This committee will oversee the shift from hospital level care to community based services, expanding the community services continuum, and assuring that core and targeted services will be available statewide. It also includes developing operational criteria for the Uniform Portal, statewide 800 information and referral line, and services for individuals with co-occurring disorders.
- 2) Quality of Care. Chaired by Jim Jarrard, staffed by Ann Eller. This committee is charged with assuring that system components comport with nationally recognized best practices,

developing and maintaining a highly competent workforce within the new system, developing a statewide quality management system, and assuring that consumers and families have meaningful input and participation in system development.

- 3) Administration and Infrastructure. Chaired by Peggy Balak, staffed by Smith Worth. This committee is working on refining and improving Department/Division functions so that the new system is supported and facilitated by the central infrastructure, including re-working waivers, managing contracts, developing the new system financial structure and developing and/or simplifying rules.

Additional detail about the committees, and workgroups of committees, as well as minutes of their meetings, are posted on the DHHS web page at <http://www.dhhs.state.nc.us/>.

Cost Modeling:

The Department has contracted with Dr. Anthony Broskowski, a specialist in mental health systems cost modeling, to assist the Division in mapping the costs of administration, consumer services, and performance-based contracting for the new system. Dr. Broskowski has begun work on the first project, which is to develop a model to estimate the range of costs required to operate an LME. The first step consists of developing operational definitions for the administrative functions of an LME, followed by calculating the reasonable costs of each defined function. The finished product will consist of the costs of an LME in a region of 200,000 population, with additional resources to be added for each increase of 20,000 in the covered population. An example of this can be seen in the LME function of paying claims submitted by the practitioners in the provider network. In a primarily rural region of 200,000 with a small provider network the number of claims to be managed would be fewer than in a larger more metropolitan area of 500,000, with its corresponding increase in the provider network. A group of county managers and area directors who may wish to be part of the early phase-in are participating in this project with the Division and the consultant. This project should be completed by June 1, 2002.

The second and third projects are to build a cost model for consumer services in the new system, based on probable utilization patterns, that can be applied accross all services and priority populations throughout the system. Although much utilization data is available through existing system resources, the probable utilization and cost model is particularly important since the target populations in the new system will be different than those in the current caseload. This project should be completed by October 1, 2002. The final project is to develop an equitable allocation model based on performance-driven contracts. This project is expected to provide a realistic and fair method of determining appropriate levels of regional funding. This should be finished by December, 2002.

Trust Fund:

Following executive action by the Governor to escrow \$37,500,000 of the MHDDSAS Trust Fund, the remaining available balance was \$12,002,264. The Department and Division, working jointly with advocacy groups and affected State and local programs, developed a Trust Fund

utilization plan which was presented to the Joint Legislative Commission on Government Operations on February 19-20, 2002 and to the LOC on February 21, 2002.

The purposes of the Trust Fund as set forth in SB 1005, Section 21.58(a) are to:

- Provide start-up funds and operating support for programs and services that provide more appropriate and cost effective community treatment alternatives for individuals currently living in state institutions and facilities,
- Facilitate the State's compliance with the U.S. Supreme Court decision in *Olmstead v. L.C. and E.W.*
- Facilitate reform of the mental health, developmental disabilities and substance abuse services system and expand and enhance treatment and prevention services to remove waiting lists and provide appropriate and safe services for system consumers.
- Provide bridge funding to maintain appropriate services during transitional periods as a result of facility downsizing, including departmental restructuring of services.
- Construct, repair and renovate State mental health, developmental disabilities and substance abuse services facilities.

The final approved Trust Plan includes the following elements:

1. \$1,200,000 to develop appropriate alternative community resources associated with the planned closure of Whitaker School. Community resources include an additional 36 community beds to replace the 36 bed capacity of Whitaker School. Recurring costs for these community services will be defrayed via Medicaid dollars and the realignment of resources from Whitaker School to the community, including the transfer of Whitaker resources for the State matching share of Medicaid dollars. Development of a formal request for proposals is underway in order to secure applications for operation of the two planned facilities.
2. \$44,000 to evaluate the service needs of children currently at Whitaker School in accordance with SB 1005, Section 21.61(a) "Whitaker School". Development of the contract for evaluations is underway and should be executed by April 1, 2002.
3. \$1,500,000 to develop appropriate alternative community resources associated with the planned closure of the 39-bed Wright Building at Dorothea Dix hospital. Recurring operational costs for these community services will be defrayed via the realignment of resources from Dix to the community. Service plans have been received from area programs for development of additional services and allocations will be made during March to begin implementation.
4. \$2,000,000 to support the transition of individuals from the five State mental retardation centers into community services as part of the Olmstead planning and the State's continued downsizing initiative. Ongoing support for community services will be defrayed via the realignment of facility resources. Individuals have been identified for community placements and downsizing activities have begun.

5. \$1,900,000 for renovation and start-up costs for the establishment of an acute detoxification unit in each of the three State operated Alcohol and Drug Abuse Treatment Centers located in Black Mountain, Butner and Greenville. This will provide for an increased complement of 88 acute detoxification beds and will serve to divert individuals with substance abuse problems from inappropriate admission to the four State psychiatric hospitals. Ongoing operational costs will be managed through realignment of State hospital resources. Projects are in the plan and design state and bidding will begin shortly.
6. \$1,794,891 in transition plan resources including:
 - a) \$1,500,000 to support full implementation of the Integrated Payment and Reporting System (IPRS) for area program billings to both Medicaid and the Division. In addition to functioning as a payment system and providing data to meet various Federal reporting requirements, IPRS will provide client-specific data on services provided and costs, thereby providing an improved management tool. Two sites are operational and full rollout for the remaining 36 area programs is scheduled to be completed by May 2003.
 - b) \$100,000 for training needs associated with State Plan implementation and best practice treatment/habilitation models. Numerous training activities have already occurred as mentioned above and additional activities are scheduled throughout the remainder of the year.
 - c) \$100,000 for Real Choice Case Information and Assistance. This is an initiative within the Division of Aging and they are in the process of drawing in Trust resources to implement this component.
 - d) \$20,000 for minor renovations at N.C. Special Care Center in Wilson to provide secure settings for individuals with mental health needs in addition to their required nursing level of care. Work has begun and Trust Fund resources are now being transferred to the Center.
 - e) \$74,891 for outside assistance to the Division in developing cost estimates associated with LME functions and costs of serving target populations under the new State Plan.
7. \$3,563,373 in Trust Fund resources to invest in housing leverage efforts to increase the availability of community housing for people with mental illness, developmental disabilities and substance abuse problems. Division has initiated a planning team to work with the private sector to develop final housing leverage plans and to begin appropriate resource investments as quickly as possible.

Pursuant to the requirements in Section 3,(a), the status of items listed in Section 3,(a),1 – 9 are as follows:

Section 3(a),(1) State Plan: The Plan was submitted to the LOC on December 1, 2001 as required. The plan is to be revised annually. During the month of March and until April 19th, the Division will receive input, suggestions, and recommendations to be considered in the annual revision. The Division is receiving input now for the Plan revision due July 1. The revised draft should be completed and published in early June, 2002.

Section 3(a),(2) Rules Review: Submitted with State Plan 2001 in Rules Report Addendum.

Section 3(a),(3) Oversight and Monitoring Functions: A new plan for oversight and monitoring of the reformed system is under development in the Committee on Quality of Care. The new protocol will focus primarily on consumer and system outcomes rather than the traditional extensive process measures. Monitoring responsibility will be shared among Department Divisions and the LME's, integrating cross-agency elements and simplifying the process as much as possible. The new monitoring protocol is scheduled to be completed by July 1, 2002. A comprehensive outcome measurement plan and protocol will be developed and implemented by October, 2003 and used to complete an annual, system-wide report card. The first report card is planned for 2004.

Section 3(a),(4), Service Standards, Outcomes, and Financing Formula: Service standards and clinical protocols are included in the Quality of Care Committee Workgroup on Best Practices. Selected Best Practice models are intended to facilitate and support the foundational principles in the Plan that focus on self-determination, person-centered planning, rehabilitation and recovery, cultural competence in services to minorities, and state-of-the-art treatment interventions. Developing service standards and protocols that can be uniformly applied statewide will foster consistency of practice throughout the system. The broad scope of these tasks will require work over an extended period with initial parts to be completed in July, 2002. Outcomes are discussed above. Financing issues are discussed under Cost Modeling, above, and are included in the implementation committee on administration and infrastructure.

Section 3(a),(5) Format and Content of Business Plans, Method for Evaluation: A draft format for local business plans has been developed and is being modified based on the feedback received. Determining exact content detail of LME functions is in process, in collaboration with the cost modeling consultant, certain county managers and area directors who wish to be part of the early phase-in process, and the Division Director and staff. As soon as that portion is completed a tool to evaluate submissions and a format for contractual agreements can be finalized.

Section 3(a),(6) Readiness to Implement Reform: Submitted with State Plan 2001 in DHHS Readiness Addendum.

Section 3(a),(7) Consumer Advocacy Program and Advocacy Consolidation Study: These activities are being handled by a consumer/family workgroup of the Quality of Care Committee

with support of Division staff. The group is working with representatives of the advocacy/ombudsman services currently operating within the Department and will develop a recommendation to the Secretary. The Department has requested an extension of the reporting date of March 1, 2002 to April 1, 2002.

Section 3(a),(8), Consolidation Plan, Letters of Intent: Letters of Intent have been received from six (6) counties. These are: Tyrrell, Martin and Hyde counties who have elected to remain with their Area Authority, Tideland Mental Health; Vance and Franklin counties who have also chosen to continue the Area Authority, V.G.F.W. Mental Health, and Alleghany County continuing its New River Behavioral Health Care Area Program.

Section 3(a),(9), Submission of Local Business Plans: Several counties and area programs have begun preliminary work on local business plan development. Specific content of LME functions are being defined and cost modeled in the early phase-in group. As mentioned above, several counties have submitted letters of intent and directed their area authority to begin the strategic planning process and eventual development of the local business plan.

The Division has received many expressions of concern about the short time between submission of Letters of Intent by October 2002 and completion of the Local Business Plan by January 1, 2003. With this in mind the Department requested a slight change in the timeline for completion of local business plans. In a February 26 memo, Dr. Visingardi informed area directors and county managers that local plans may be submitted in two stages. The first stage, which will continue to be due by January 1, 2003, must contain completed sections on Planning, Qualified Provider Network Development, Service Monitoring and Oversight, Collaboration and Evaluation. Fully completed plans containing the remaining sections on Service Management, Financial Management and Accountability, and Access, along with any revisions to the original first submission, to be finished by April 1, 2003.

Update on Specific Implementation Steps in Timeline

The Timeline Section of the State Plan, (pp 39-47), will be substantially expanded and enhanced in the July 1 revision as preliminary and sub-category steps are identified and as current budget considerations dictate adjustments in dates or tactical approaches to planned system reforms. Progress on items contained in the current 11/30/01 version, showing a due date in this quarter are presented here for review.

Item numbers 1 – 12 have been completed.

- #13 – DD workgroup to develop unified community based system – in progress,
- #14 – Technical assistance for counties – discussed above,
- #15 – Revised service record manual – released for review on 3/1/02
- #16 – Dates for all DD Waiver revisions moved to 7/1/02 to be submitted together,
- #17 - 23 IPRS implementation – on target for 7/1/02 statewide rollout,
- #24 – 25 Criteria for prevention professional completed and in rules process,
- #26 - Olmstead assessments and plans for community re-integration proceeding as scheduled with planning workgroups in each region analyzing needs and developing a four-year plan to increase community capacity,

- #27 - Annual review period throughout March,
- #28 - Quarterly report submitted on 3/31/02,

- #29 - Outpatient teams established and developing reintegration plans,
- #30 - Traumatic Brain Injury Report to Appropriations Committee – DMH materials to DMA for report.
- #31 – 33 ADATC added beds underway and discussed above under Trust Fund,
- #34 - Multilevel, integrated quality management committee structure under development in Plan Implementation Committee on Quality of Care,
- #35 – 37 Agreements for training and staff competencies are in progress with development of specific goals and elements of comprehensive statewide training/education program with state level leadership and local team implementation,
- #38 – 44 Financing issues in progress, discussed above under cost modeling,
- #45 – 47 Consumer Advocacy, Appeals Panel under development in Quality of Care Committee, Consolidation study of consumer rights and safeguard related functions to be reported to LOC 4/01/02,
- #48 - Training and promotion of state plan, discussed earlier in this report,
- #49 – Integration of Olmstead, Long Term Care and DMH/DD/SAS Plans presentation date revised to coincide with annual Plan revision,
- #50 - Financing options for interpretation/translation services under review.

Questions Posed by the LOC at the Meeting on 2/21/02

At the meeting on February 21st, the LOC requested status reports on a list of specific items in the State Plan that were prepared by Dr. Mary Fraser. The responses are as follows:

Reorganization: Dr. Visingardi is currently evaluating the Division organizational structure and determining, with Department consultation, the most appropriate new structure to support and facilitate implementation of the Plan. The new organizational structure will be finalized within the next 45 – 60 days and will be included in the revision of the Plan due on July 1.

Child and Adolescent Target Populations: While broader target populations for child and adolescent services may prevent more serious problems later on, the point of the LOC is well taken here. Service *priorities* for children and youth will be clarified in the July revision of the Plan.

Compliance with Federal Mandates: All parts of the plan have been developed to comply with federal mandates. This includes block grant requirements, categorical expenditure percentages for substance abuse services, federal rules relating to Medicaid and Medicare, and others.

Uniform Portal: The 800 number service is intended to be a support to the LME's. Callers may use the 800 number to obtain information, and a brief screening and referral to public or community resources. The service will also act as a warm line (callers who just want to "talk over" a problem in anonymity) or a crisis hotline with the capacity to help the person obtain local crisis system services on a 24 hour basis. The 800 service will be able to handle multiple calls

simultaneously by trained clinical staff. The service will be able to connect callers directly with the local access system, and also notify each LME of the number and types of calls, and their

disposition, on a daily or immediate basis. The service will be more economical and of higher quality than trying to replicate the service across all regions.

Efficient and Effective Resource Management: Issues relating to resources, funding, and allocation disparities are under study by the Department. The projects to be completed by the cost modeling of LME functions, costs per unit of service across the service spectrum, and the allocation model based on performance-driven contracts will help the Department develop a resource management plan for the reformed system.